

Message Text

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11

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FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC 5166

UNCLAS KUALA LUMPUR 3968

PASS COMMERCE

E.O. 11652: N/A

TAGS: BMEP, MY

SUBJECT: MALAYSIAN PALM OIL TANKER REQUIREMENT

REF: STATE 177452

1. ON THE BASIS OF A 4,4000 MILLION YEN CREDIT FROM THE JAPANESE, THE MALAYSIAN INTERNATIONAL SHIPPING CORP. (MISC) WILL PLACE AN ORDER FOR THE CONSTRUCTION OF TWO PALM OIL TANKERS COSTING APPROXIMATELY US\$11.7 MILLION EACH. THE CONSTRUCTION WILL BE UNDERTAKEN BY JAPAN'S MITSUBISHI HEAVY INDUSTRIES. DELIVERY IS EXPECTED DURING THE LATTER HALF OF 1975.

2. THIS REPORTEDLY IS THE FIRST TIME THAT JAPAN GRANTED A LOAN TO DEVELOPING COUNTRIES FOR CONSTRUCTION OF OCEAN-GOING VESSELS. PRICE-WISE, THE US\$11.7 MILLION IS CONSIDERABLY LESS THAN THE UNOFFICIAL PRICE DISCUSSED BY LOCKHEED, WHICH RANGED BETWEEN US\$18 AND \$19 MILLION PER SHIP. MISC WILL PROBABLY TENDER FOR THE REMAINING SHIPS, BUT GIVEN THE SIZEABLE PRICE DIFFERENTIAL, WE QUESTION WHETHER LOCKHEED CAN COMPETE. IN ANY EVENT, WE WILL CONTINUE TO APPRISE THE DEPARTMENT OF MISC'S PURCHASING PLANS AS THEY DEVELOP.
LYDMAN

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Disposition Event:
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